

**TAPS Oil Movements Historical Data
Reporting for December 2000**

The attached operations reports depict TAPS oil movements. Throughout the day, the Operations Control Center at the Valdez Marine Terminal receives data from metering systems that are located at Pump Station 1, Golden Valley Electric Association, Petro Star Valdez Refinery and Valdez Marine Terminal. Every 24 hours the data is compiled and transmitted to Anchorage.

The first page of the attachment, known as the OMH-2A report, shows the daily ending volume (measured in barrels) in the tanks at Pump Station 1, as well as the daily tankage change. The output number (reflected in the "Output" column) either adds or subtracts the tankage change to the total metered volume from the Producers to determine the actual volume which entered the pipeline.

The second page of the attachment, known as the OMH-3C report, shows the daily data pertaining to oil movements at Valdez. It reflects the volume (measured in barrels) that flows through the incoming meters from the pipeline and the volume loaded onto vessels by berth, together with (in the "Valdez Loadings" column) loadings from all berths.

| VALDEZ OIL TAIL | NOVEMENTS | TANK | CHG |
|-----------------|-----------|---------|-------|
| 1 | 1,077,102 | 1,354- | 8,190 |
| 2 | 1,069,638 | 140,805 | |
| 3 | 1,091,275 | 157,995 | |
| 4 | | 150,796 | |
| 5 | | 149,805 | |
| 6 | | 157,995 | |
| 7 | | 150,796 | |
| 8 | | 149,805 | |
| 9 | | 157,995 | |
| 10 | | 150,796 | |
| 11 | | 149,805 | |
| 12 | | 157,995 | |
| 13 | | 150,796 | |
| 14 | | 149,805 | |
| 15 | | 157,995 | |
| 16 | | 150,796 | |
| 17 | | 149,805 | |
| 18 | | 157,995 | |
| 19 | | 150,796 | |
| 20 | | 149,805 | |
| 21 | | 157,995 | |
| 22 | | 150,796 | |
| 23 | | 149,805 | |
| 24 | | 157,995 | |
| 25 | | 150,796 | |
| 26 | | 149,805 | |
| 27 | | 157,995 | |
| 28 | | 150,796 | |
| 29 | | 149,805 | |
| 30 | | 157,995 | |
| 31 | | 150,796 | |
| 32 | | 149,805 | |
| 33 | | 157,995 | |
| 34 | | 150,796 | |
| 35 | | 149,805 | |
| 36 | | 157,995 | |
| 37 | | 150,796 | |
| 38 | | 149,805 | |
| 39 | | 157,995 | |
| 40 | | 150,796 | |
| 41 | | 149,805 | |
| 42 | | 157,995 | |
| 43 | | 150,796 | |
| 44 | | 149,805 | |
| 45 | | 157,995 | |
| 46 | | 150,796 | |
| 47 | | 149,805 | |
| 48 | | 157,995 | |
| 49 | | 150,796 | |
| 50 | | 149,805 | |
| 51 | | 157,995 | |
| 52 | | 150,796 | |
| 53 | | 149,805 | |
| 54 | | 157,995 | |
| 55 | | 150,796 | |
| 56 | | 149,805 | |
| 57 | | 157,995 | |
| 58 | | 150,796 | |
| 59 | | 149,805 | |
| 60 | | 157,995 | |
| 61 | | 150,796 | |
| 62 | | 149,805 | |
| 63 | | 157,995 | |
| 64 | | 150,796 | |
| 65 | | 149,805 | |
| 66 | | 157,995 | |
| 67 | | 150,796 | |
| 68 | | 149,805 | |
| 69 | | 157,995 | |
| 70 | | 150,796 | |
| 71 | | 149,805 | |
| 72 | | 157,995 | |
| 73 | | 150,796 | |
| 74 | | 149,805 | |
| 75 | | 157,995 | |
| 76 | | 150,796 | |
| 77 | | 149,805 | |
| 78 | | 157,995 | |
| 79 | | 150,796 | |
| 80 | | 149,805 | |
| 81 | | 157,995 | |
| 82 | | 150,796 | |
| 83 | | 149,805 | |
| 84 | | 157,995 | |
| 85 | | 150,796 | |
| 86 | | 149,805 | |
| 87 | | 157,995 | |
| 88 | | 150,796 | |
| 89 | | 149,805 | |
| 90 | | 157,995 | |
| 91 | | 150,796 | |
| 92 | | 149,805 | |
| 93 | | 157,995 | |
| 94 | | 150,796 | |
| 95 | | 149,805 | |
| 96 | | 157,995 | |
| 97 | | 150,796 | |
| 98 | | 149,805 | |
| 99 | | 157,995 | |
| 100 | | 150,796 | |

| DATE | TANK # | P U M P TANK # | S T A T I O N V E I TANK CHG | O U T P U T VEI | R E L I E F TANKS | T A N K C H G - 12 - |
|-------|---------|-------------------|---------------------------------|--------------------|----------------------|-------------------------|
| 01 | 81,083 | 77,993 | 10,438- | 13.7 | 160,796 | 1,354- |
| 02 | 78,732 | 77,993 | 10,438- | 13.7 | 149,805 | 991- |
| 03 | 64,470 | 60,792 | 28,560- | 13.6 | 157,995 | 8,190 |
| W/TOT | 74,762 | 71,125 | 14,584- | 13.7 | 152,865 | 1,948 |
| W/AVG | | | | | | |
| 04 | 38,597 | 34,977 | 51,680- | 12.8 | 147,436 | 10,559- |
| 05 | 37,685 | 34,256 | 1,633- | 13.9 | 154,523 | 7,087 |
| 06 | 38,515 | 34,183 | 1,208 | 14.0 | 161,621 | 7,098 |
| 07 | 39,701 | 36,206 | 2,768 | 13.9 | 157,766 | 3,866- |
| 08 | 42,798 | 39,204 | 6,095 | 14.1 | 154,044 | 3,721- |
| 09 | 47,700 | 44,393 | 10,181 | 14.1 | 161,289 | 7,245 |
| 10 | 80,016 | 77,024 | 64,857 | 14.2 | 144,090 | 17,199- |
| W/TOT | | | | | | |
| W/AVG | 46,415 | 42,985 | 4,540 | 13.9 | 154,395 | 1,986- |
| 11 | 94,877 | 91,928 | 29,765 | 14.2 | 154,382 | 10,292 |
| 12 | 100,145 | 97,114 | 10,464 | 14.3 | 155,837 | 1,455 |
| 13 | 105,597 | 102,546 | 10,884 | 14.2 | 165,208 | 9,371 |
| 14 | 81,921 | 78,025 | 47,597- | 14.0 | 154,516 | 10,092- |
| 15 | 64,170 | 60,671 | 35,705- | 13.9 | 160,906 | 3,610- |
| 16 | 51,043 | 47,501 | 26,297- | 13.8 | 147,140 | 3,766- |
| 17 | 54,262 | 50,840 | 6,558 | 14.0 | 145,051 | 2,089- |
| W/TOT | | | | | | |
| W/AVG | 78,859 | 75,604 | 7,420- | 14.1 | 153,291 | 137 |
| 18 | 66,729 | 63,672 | 25,299 | 13.8 | 153,323 | 8,272 |
| 19 | 76,036 | 71,678 | 16,312 | 13.7 | 161,196 | 7,872 |
| 20 | 91,433 | 88,105 | 32,825 | 13.8 | 148,059 | 13,136- |
| 21 | 95,398 | 92,036 | 7,896 | 13.8 | 145,115 | 2,944- |
| 22 | 62,156 | 58,710 | 66,588- | 13.6 | 142,962 | 2,153- |
| 23 | 44,005 | 40,363 | 36,478- | 13.7 | 138,237 | 4,725- |
| 24 | 42,030 | 38,414 | 3,924- | 13.9 | 147,156 | 8,919 |
| W/TOT | | | | | | |
| W/AVG | 68,109 | 64,711 | 3,623- | 13.8 | 148,007 | 301 |
| 25 | 44,959 | 41,402 | 5,917 | 13.9 | 154,881 | 7,725 |
| 26 | 60,541 | 57,030 | 31,210 | 13.9 | 145,627 | 9,254- |
| 27 | 67,268 | 63,756 | 13,443 | 13.9 | 148,916 | 3,288- |
| 28 | 82,709 | 79,250 | 30,945 | 13.8 | 147,179 | 1,736- |
| 29 | 65,434 | 61,799 | 34,726- | 13.8 | 154,856 | 7,677 |
| 30 | 55,411 | 51,999 | 10,825- | 14.1 | 148,878 | 5,978- |
| 31 | 69,064 | 65,652 | 7,306 | 14.3 | 143,841 | 6,037- |
| W/TOT | | | | | | |
| W/AVG | 62,197 | 58,698 | 4,896 | 14.0 | 149,168 | 474- |
| W/TOT | | | | | | |
| W/AVG | 64,947 | 61,528 | 1,752- | 13.9 | 151,375 | 268- |
| Y/TOT | | | | | | |
| Y/AVG | | | | | | |

RCA Tariff Materials

CORRECTED NOTICE OF TARIFF FILINGS BY TRANS ALASKA PIPELINE CARRIERS

The REGULATORY COMMISSION OF ALASKA gives notice that each of the seven Trans Alaska Pipeline System (TAPS) carriers has filed tariff revision(s) as listed below. The carriers request an effective date of January 1, 2001, for the filings.

| CARRIER | REVISED RATES | QUALITY BANK |
|---|---------------|--------------|
| Amerada Hess Pipeline Corporation (Amerada) | TL75-300 | TL74-300 |
| BP Pipelines (Alaska) Inc. (BP) | TL78-311 | TL79-311 |
| Exxon Pipeline Company (Exxon) | TL94-304 | TL93-304 |
| Phillips Alaska Pipeline Corporation (Phillips) | TL82-310 | TL83-310 |
| Phillips Transportation Alaska, Inc. (PTAI) | TL76-301 | TL77-301 |
| Unocal Pipeline Company (Unocal) | TL89-312 | TL88-312 |
| Williams Alaska Pipeline Company (WAPCO) | TL74-308 | TL75-308 |

Following is a summary of the presently assessed and the proposed intrastate tariff rates per barrel for general transportation of Sadlerochit, Kuparuk, Liaburne, and Endicott petroleum through the TAPS.

| | Prudhoe Bay to North Pole | | Prudhoe Bay to Valdez Marine Terminal | | Prudhoe Bay to PetroStar Connection at Valdez | |
|---------------------|---------------------------|----------|---------------------------------------|----------|---|----------|
| | Present | Proposed | Present | Proposed | Present | Proposed |
| AMERADA (TL74-300) | \$1.52 | \$2.08 | \$2.58 | \$3.40 | \$2.69 | \$3.38 |
| BP (TL78-311) | \$1.61 | \$1.61 | \$2.61 | \$3.54 | \$2.58 | \$3.52 |
| EXXON (TL94-304) | \$1.98 | \$2.16 | \$3.22 | \$3.86 | \$3.20 | \$3.67 |
| PHILLIPS (TL82-310) | \$1.74 | \$2.23 | \$2.81 | \$3.64 | \$2.80 | \$3.62 |
| PTAI (TL76-301) | \$1.97 | \$2.23 | \$3.20 | \$3.63 | \$3.18 | \$3.62 |
| UNOCAL (TL89-312) | \$1.84 | \$2.40 | \$2.98 | \$3.93 | \$2.97 | \$3.91 |
| WAPCO (TL74-308) | \$1.86 | \$2.14 | \$3.02 | \$3.48 | \$3.01 | \$3.42 |

All the carriers propose to decrease the Quality Bank Gravity Differential Value per Barrel from \$0.0194 to \$0.0167 per one-tenth degree API gravity.

Detailed information may be obtained from the TAPS carriers at the following addresses.

| | |
|----------|--|
| Amerade | - c/o Albert S. Tabor, Jr., Vinson & Elkins L.L.P., 2300 First City Tower, 1001 Fannin Street, Houston, TX 77002-8760 |
| PTAI | - 700 G Street, Rm 919 Anchorage, AK 99501 |
| BF | - 900 East Benson Blvd., P.O. Box 190848, Anchorage, AK 99519-0848 |
| Exxon | - P. O. Box 2220, Houston, TX 77252-2220 |
| Williams | - Dorsey & Whitney LLP, 1031 W. 4 th Ave., Suite 600, Anchorage, AK 99501 |
| Phillips | - Guess & Rudd, 510 L Street, Suite 700, Anchorage, AK 99501 |
| Unocal | - 909 W. 9 th Street, Anchorage AK 99501 |

The Commission may approve a rate or classification which varies from those proposed. To the extent allowed by law, you may inspect the filings at the Commission's offices at 1016 West Sixth Avenue, Suite 400, Anchorage, Alaska 99501.

To comment on these filings, please file your comments by December 22, 2000, and include a statement that you've filed a copy of the comments with the TAPS carriers. If you need a special accommodation to make your comments, please contact Georgann Joy at 263-2107/TTY: 276-4533 by December 15, 2000.

DATED at Anchorage, Alaska, this 14th day of December, 2000.

REGULATORY COMMISSION OF ALASKA


G. Nanette Thompson
Chair

FERC Tariff Materials

AMERADA HESS PIPELINE CORPORATION

LOCAL PIPELINE TARIFF

CONTAINING RATES FOR THE INTERSTATE TRANSPORTATION OF PETROLEUM

Governed, except as otherwise provided herein, by Rules and Regulations set forth in Amerada Hess Pipeline Corporation F.E.R.C. No. 41, supplements thereto or successive issues thereof.

NOTICES

The provisions published herein, if effective, will not result in an effect on the quality of the human environment.

This tariff is filed in compliance with the Order Approving Settlement, Granting Application, Affirming Initial Decision, and Terminating Dockets issued June 27, 1986, by the Federal Energy Regulatory Commission in Docket Nos. OR78-1-041, 042, 043 and IS84-13-000.

ISSUED DECEMBER 1, 2000

EFFECTIVE JANUARY 1, 2001

ISSUED BY
Donald C. Lutken, Jr.
President
AMERADA HESS PIPELINE CORPORATION
One Allen Center
500 Dallas Street, Level 2
Houston, Texas 77002

COMPILED BY:
Albert S. Tabor, Jr.
1001 Fannin Street
Houston, Texas 77002-6760
(713) 758-2620

Rates, in U.S. Dollars per Barrel, applying on Petroleum from Carrier's regularly established receipt stations to Carrier's regularly established delivery stations.

| FROM | TO | RATE |
|-----------------------|----------------|--------|
| Prudhoe Bay, Alaska | Valdez, Alaska | |
| Sadlerochit Petroleum | [1] | \$3.40 |
| Kuparuk Petroleum | [1] | \$3.40 |
| Lisburne Petroleum | [1] | \$3.40 |
| Endicott Petroleum | [1] | \$3.40 |

NOTES: Sadlerochit Petroleum is any Petroleum delivered to Carrier through the Prudhoe Bay Unit metering facilities. Kuparuk Petroleum is any Petroleum delivered to Carrier through the Kuparuk Pipeline metering facilities. Lisburne Petroleum is any Petroleum delivered to Carrier through the Lisburne metering facilities. Endicott Petroleum is any Petroleum delivered to Carrier through the Endicott metering facilities. The number of Barrels of any of the above named types of Petroleum delivered out of the Pipeline by Carrier to Shipper at any given time will be determined by calculating the proportion that the number of Barrels of that type of Petroleum such Shipper has in the Pipeline bears to the total number of Barrels of Petroleum such Shipper has in the Pipeline, as such amounts are determined at the beginning of the Day delivery to such Shipper commenced.

The rates indicated above are exclusive of any demurrage or other charges shown in Amerada Hess Pipeline Corporation F.E.R.C. No. 41, supplements thereto or successive issues thereof, and any amount that Carrier is required by any applicable law or regulation to collect, including, but not limited to, the amounts to be collected for the Trans Alaska Pipeline Liability Fund. No gathering service will be performed by Carrier under this tariff.

Explanation of Symbols

[1] Increase

AMERADA HESS PIPELINE CORPORATION

LOCAL PIPELINE TARIFF

CONTAINING RULES AND REGULATIONS GOVERNING THE INTERSTATE TRANSPORTATION OF PETROLEUM

GENERAL APPLICATION

This tariff shall apply only to those tariffs which specifically incorporate this tariff, supplements to this tariff and successive issues hereof, by reference.

NOTICES

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

[W] Item 18-E is in compliance with FERC Order Approving Contested Settlement issued December 17, 1997, in Docket Nos. OR89-2-007 et al. and APUC Order Adopting Federal Energy Regulatory Commission Order Approving Contested Settlement issued January 13, 1998, as Order No. 87 in Docket No. P-89-1 and Order No. 80 in Docket No. P-89-2. Neither the revenues nor the expenses of Carrier will be affected. Carrier is merely a stakeholder for the shippers, which are the parties in interest.

SPECIAL PERMISSION REQUESTED

Issued on less than one day's notice under authority of 18 C.F.R. § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30-day review period.

ISSUED JANUARY 17, 2001

EFFECTIVE JANUARY 17, 2001

ISSUED BY
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RULES AND REGULATIONS

[R2] **11-A. Payment of Transportation and Other Charges.** - Shipper shall pay all applicable transportation and other charges accruing on Petroleum delivered to and accepted by Carrier for shipment, and if required, shall pay or furnish guaranty of payment of same to Carrier before acceptance of shipment. Carrier shall have a lien on all Petroleum delivered for transportation to secure the payment of any and all unpaid transportation and other charges that are due to Carrier by Shipper, and may withhold such Petroleum from delivery until all unpaid charges have been paid. If such charges remain unpaid ten (10) days after the date of Carrier's invoice such amounts shall, from the date of delivery until paid, bear interest calculated at an annual rate equivalent to 125% of the prime rate of interest as of the date of delivery charged by the Citibank N.A. of New York, New York, on ninety (90) day loans to substantial and responsible commercial borrowers, or the maximum rate allowed by law, whichever is less. If such charges remain unpaid five (5) days after notice and demand therefor, or even in the absence of unpaid charges when there shall be a failure to take Petroleum within three (3) days after the scheduled lifting or delivery date, Carrier shall have the right, through an agent, to sell such Petroleum at public auction, on any day not a legal holiday, and not less than forty-eight (48) hours after a notice stating the time and place of such sale and the quantity, general description, and location of Petroleum to be sold has been published in a daily newspaper of general circulation in the town or city where the sale is to be held, and notice has been sent to Shipper. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier may pay itself all transportation, demurrage, other lawful charges and all expenses incident to the sale. The balance from said sale shall be held for whomsoever may be lawfully entitled thereto.

[R3] **14-A. Nominating, Scheduling and Proration Procedures.**

(a) General Requirements for Nominations.

1. Carrier will receive Nominations at any time and consider them for acceptance if they conform in full to the terms of this tariff. Each Nomination shall show the daily Volume the prospective Shipper desires to ship during the period for which the Nomination applies.

2. Since Carrier's actual pipeline capacity may occasionally vary from Carrier's estimated pipeline capacity, prospective Shippers are expected, when possible, to submit Nominations that, in such circumstances, will vary in the same percentage by which Carrier's actual pipeline capacity varies from its estimated pipeline capacity. This will permit Carrier's actual pipeline capacity to be fully utilized each Day so long as prospective Shippers have enough Petroleum available for shipment to fill Carrier's pipeline capacity and will enable each prospective Shipper to fully utilize its share of Carrier's actual pipeline capacity. Prior to the due date for Initial Nominations in any given Month, Carrier will notify its Shippers of the estimated pipeline capacity that is expected to be available to Carrier for that Month. Any prospective Shipper seeking such information may obtain it upon request to Carrier's Representative for Nominations identified in paragraph (e) of this item.

3. In order that estimated capacity may be prorated among all prospective Shippers without undue discrimination, prospective Shippers shall submit valid and realistic Nominations that exceed neither the Volume of Petroleum expected to be available for shipment nor Carrier's estimated pipeline capacity. Carrier reserves the right to require affidavits or to take such other actions as it deems necessary to ascertain that Nominations do not exceed the Volume of Petroleum that will actually be available at the point of origin.

4. If any prospective Shipper fails to use the capacity allocated to it, or withdraws all or a portion of Volumes previously accepted, Carrier shall have the right to reduce such prospective Shipper's allocation of capacity during future Months by such amount not used or such amount withdrawn.

5. A prospective Shipper shall not nominate the same Barrels of Petroleum to Carrier and to another carrier. If, as of the Pipeline Scheduling Deadline, Operator determines that Carrier has accepted Barrels that another carrier has also accepted for the coming Month, Carrier will reduce such prospective Shipper's Nomination to Carrier by the number of Barrels that Carrier accepted that were also accepted by another carrier. Carrier will notify such prospective Shipper of such reduction.

6. No party shall deliver to TAPS Petroleum that has not been nominated to and accepted by Carrier or another carrier. If, as of the Pipeline Scheduling Deadline, there is Petroleum scheduled to be delivered to TAPS in the coming Month that has not been nominated to and accepted by Carrier or another carrier, Operator will notify the owner of such Petroleum at least one Operator Business Day before the deadline for nominating such Petroleum to Carrier or another carrier. If, notwithstanding Operator's notice, the Petroleum is not nominated, but is delivered to TAPS, such Petroleum shall be deemed to be the property of Carrier and the other carriers.

(b) Receipt of Nominations and Scheduling of Capacity.

1. Carrier must receive Initial Nominations by 2400 hours on the tenth Day of each Month. On the first Operator Business Day following the tenth Day of each Month, Carrier will review Initial Nominations for acceptance.

2. Nominations received after the deadline referred to in paragraph (b)1 of this Item will be considered only if Carrier has unscheduled capacity available during that Month. If Carrier has unscheduled capacity remaining as of the first Operator Business Day following the tenth Day of the Month, Carrier will notify prospective Shippers of the Volume of such unscheduled capacity. Prospective Shippers shall have until 1200 hours on the first Operator Business Day following the Day Carrier gives notice of such unscheduled capacity to submit a Supplemental Nomination for the unscheduled capacity. If any unscheduled capacity remains after the receipt of Supplemental Nominations, it will be allocated on a first-come, first-served basis, until all actual pipeline capacity is fully scheduled.

3. Carrier will accept a Revised Nomination that increases the number of Barrels a prospective Shipper nominates to Carrier only after Operator determines that the additional Barrels are not nominated to another carrier. Carrier will accept a Revised Nomination that decreases the number of Barrels a prospective Shipper nominates to Carrier only after Operator determines that the Barrels Shipper proposes not to tender to Carrier are properly nominated to another carrier.

4. A Revised Nomination will be effective at 0000 hours on the latter of (a) the Day the prospective Shipper proposes in its Revised Nomination and (b) a Day that begins after four Operator Business Days have elapsed since the Carrier accepted the Revised Nomination.

5. Time specified in this tariff shall be determined according to Valdez, Alaska, local time.

(c) Proration of Estimated or Unscheduled Capacity.

In each Month for which the total Volume of all Initial Nominations exceeds Carrier's capacity in TAPS, each prospective Shipper will initially be allocated a share of Carrier's estimated capacity, subject to adjustment upward or downward when actual pipeline capacity is determined in the same percentage by which actual pipeline capacity varies from previously estimated pipeline capacity. Such initial share of each prospective Shipper will be determined by multiplying Carrier's estimated capacity by a fraction, the numerator of which is the total Volume of that prospective

Shipper's Initial Nominations and the denominator of which is the total Volume of all prospective Shippers' Initial Nominations. If Supplemental Nominations for unscheduled capacity exceed the Volume of such unscheduled capacity, such unscheduled capacity will be prorated among prospective Shippers that submitted Supplemental Nominations in the proportion that each prospective Shipper's Supplemental Nominations bears to the total Volume of all prospective Shippers' Supplemental Nominations. Carrier will not recognize for proration purposes:

1. the Volume of any Initial Nomination that exceeds Carrier's estimated pipeline capacity in TAPS or in any portion of TAPS to be utilized in handling the Volumes nominated,
2. the Volume of any Supplemental Nomination that exceeds Carrier's unscheduled capacity; or
3. the Volume of any Nomination that Carrier is unable to validate in accordance with paragraph (a)3 of this Item.

(d) Documentation of Nominations.

1. Nominations will be received by facsimile, or other written means of communication approved by Carrier, and considered based on time of receipt.
2. On the next successive business day following the latter of the deadline for receipt of Initial Nominations and the deadline for receipt of Supplemental Nominations, or as soon thereafter as possible, Carrier will advise each prospective Shipper of the Volume of Petroleum nominated by that Shipper that Carrier expects to be able to accept for transportation each Day during the scheduled period.

(e) Carrier's Representative.

Nominations should be directed to the following:

U.S. Mail
 Amerada Hess Pipeline Corporation
 P. O. Box 2040
 Houston, Texas 77252-2040
 Attn: Tom Hutton
 Phone: 713-609-4956
 Facsimile: 713-609-4948

Requests for information should be directed to the following:

Albert S. Tabor, Jr.
 2300 First City Tower
 1001 Fannin Street
 Houston, Texas 77002-6760
 713-758-2620

[R7] **18-E. Quality Adjustments.** -- Shippers shall be debited and/or credited for all adjustments as provided for in this Item with respect to all Petroleum shipped. The calculation of Shipper's debits and credits shall be made for each Month as required herein. The credit and debit balances for each accounting shall be adjusted among Shipper and all shippers in TAPS by collecting funds from those shippers (including Shipper, if applicable) having debit balances and by thereafter remitting funds collected to the shippers (including Shipper, if applicable) having credit balances. In the

event of delay in collection or inability to collect from one or more shippers for any reason, only adjustment funds and applicable interest charges actually collected shall be distributed pro rata to shippers having credit balances. A Monthly accounting shall be rendered to Shipper after the end of each Month.

(a) Methodology.

Shipper authorizes Carrier or its designee to compute adjustments among all shippers in TAPS for quality differentials arising out of TAPS common stream operation. Shipper agrees to pay Carrier or its designee the adjustment due from Shipper determined in accordance with the procedures set out in this Item.

The procedures for making Quality Bank calculations and determining Quality Bank adjustments among shippers are specified in detail in this Item, as supplemented by the TAPS Quality Bank Methodology set forth in Carrier's Tariff F.E.R.C. No. 43, supplements thereto, and successive issues thereof, which are incorporated herein by reference.

As prescribed in the TAPS Quality Bank Methodology, at the close of each Month Carrier or its designated Quality Bank Administrator shall compute adjustments calculated as follows:

1. Pump Station No. 1 Adjustment - An adjustment based on the difference between the Quality Bank Value of Pump Station No. 1 Base Petroleum during a Month and the Quality Bank Value of Petroleum received into TAPS at Pump Station No. 1 for a Shipper during the same Month shall be calculated as follows:

(i) the Quality Bank Value per Barrel of each stream received into TAPS at Pump Station No. 1 during the Month for a Shipper shall be determined by summing the Quality Bank Values of each component of one Barrel of that stream as determined in accordance with the TAPS Quality Bank Methodology.

(ii) the Quality Bank Value per Barrel of the Pump Station No. 1 Base Petroleum for the Month shall be determined by multiplying the Quality Bank Value per Barrel of each stream received into TAPS at Pump Station No. 1 during that Month by the number of Barrels of that stream received into TAPS at Pump Station No. 1 during that Month, summing the products so obtained and dividing the total by the number of Barrels of Petroleum received into TAPS at Pump Station No. 1 during that Month.

(iii) if the Quality Bank Value per Barrel of the Pump Station No. 1 Base Petroleum for any Month is greater than the Quality Bank Value per Barrel of a stream of Petroleum received into TAPS at Pump Station No. 1 during the same Month for a Shipper, such Shipper shall be debited an amount calculated by multiplying such difference by the number of Barrels of such Petroleum received into TAPS for such Shipper at Pump Station No. 1 during that Month.

(iv) if the Quality Bank Value per Barrel of Pump Station No. 1 Base Petroleum for any Month is less than the Quality Bank Value per Barrel of a stream of Petroleum received into TAPS at Pump Station No. 1 during the same Month for a Shipper, such Shipper shall be credited an amount calculated by multiplying such difference by the number of Barrels of such Petroleum received into TAPS for such Shipper at Pump Station No. 1 during that Month.

2. Connection Adjustment - An adjustment based on the difference between the Quality Bank Value of any Connection Base Petroleum during a Month and the Quality Bank Value of a Shipper's Petroleum commingled at that Connection during the same Month shall be calculated as follows:

(i) the Quality Bank Value per Barrel of a Shipper's Petroleum commingled at a Connection during the Month shall be determined by summing the Quality Bank Values of each component of one Barrel of that Petroleum as determined in accordance with the TAPS Quality Bank Methodology.

(ii) the Quality Bank Value per Barrel of any Connection Base Petroleum for the Month shall be the Weighted Average Quality Bank Value of (1) the Petroleum entering TAPS at a Connection during the Month and (2) the Petroleum in TAPS just upstream of the point of entry into TAPS at that Connection during the Month.

(iii) if the Quality Bank Value per Barrel of any Connection Base Petroleum for any Month is greater than the Quality Bank Value per Barrel of a Shipper's Petroleum commingled at that Connection during the same Month, such Shipper shall be debited an amount calculated by multiplying such difference by the number of Barrels of such Shipper's Petroleum commingled at that Connection during that Month.

(iv) if the Quality Bank Value per Barrel of any Connection Base Petroleum for any Month is less than the Quality Bank Value per Barrel of a Shipper's Petroleum commingled at that Connection during the same Month, such Shipper shall be credited an amount calculated by multiplying such difference by the number of Barrels of such Shipper's Petroleum commingled at that Connection during that Month.

3. Valdez Terminal Gravity Adjustment - An adjustment based on the difference between the Weighted Average Gravity of the Valdez Terminal Base Petroleum and the Weighted Average Gravity of Petroleum received out of the Valdez Terminal by a Shipper shall be calculated as follows:

(i) if the Weighted Average Gravity of the Valdez Terminal Base Petroleum for any Month is greater than the Weighted Average Gravity of Petroleum received out of the Valdez Terminal during the same Month by a Shipper, such Shipper shall be credited an amount calculated by multiplying such difference by the Gravity Differential Value Per Barrel and multiplying that total by the number of Barrels of such Petroleum received out of the Valdez Terminal during that Month by such Shipper.

(ii) if the Weighted Average Gravity of the Valdez Terminal Base Petroleum for any Month is less than the Weighted Average Gravity of Petroleum received out of the Valdez Terminal during the same Month by a Shipper, such Shipper shall be debited an amount calculated by multiplying such difference by the Gravity Differential Value Per Barrel and multiplying that total by the number of Barrels of such Petroleum received out of the Valdez Terminal during that Month by such Shipper.

(iii) The Gravity Differential Value Per Barrel is established at \$0.0167 for each one-tenth degree API Gravity (0.1° API).

(b) General Provisions.

In addition to the adjustments described in this Item, Shipper agrees to pay Carrier or its designee a per Barrel charge to reimburse Carrier for the costs of administering the adjustments among shippers under this Item.

In the event any payment is made to Shipper hereunder and it is subsequently determined by any Federal or state court, administrative agency or other governmental entity having jurisdiction that no other shipper was liable for the adjustment for which payment was made, Shipper receiving such payment shall upon receipt of an accounting from Carrier return the same to Carrier or its designee. Carrier shall promptly utilize same to reimburse all shippers who made such payments.

All payments due from Shipper under this Item shall be made by Shipper within 20 Days of receipt of each accounting and, for any delay in payment beyond such 20 Day period, shall bear interest calculated at an annual

rate equivalent to 125% of the prime rate of interest of Citibank N.A. of New York, New York, on ninety-day loans to substantial and responsible commercial borrowers (or the maximum rate allowed by law, whichever is less) as of the date of accounting.

If Shipper fails to make payment due hereunder within 30 Days of issuance of each accounting, Carrier shall have the right to sell at public auction either directly or through an agent at any time after such 30 Day period any Petroleum of Shipper in its custody. Such auction may be held on any Day, except a legal holiday, and not less than 48 hours after publication of notice of such sale in a daily newspaper of general circulation published in the town, city or general area where the sale is to be held, stating the time and place of sale and the quantity and location of Petroleum to be sold. At said sale Carrier shall have the right to bid, and, if it is the highest bidder, to become the purchaser. From the proceeds of said sale, Carrier will deduct all payments due and expenses incident to said sale, and the balance of the proceeds of the sale remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

Carrier and its designee are authorized by Shipper to receive through measurement, connecting carriers or otherwise all information and data necessary to make the computations under this Item. Shipper will furnish Carrier or its designated Quality Bank Administrator, and consents to Carrier or its designated Quality Bank Administrator acquiring from other carriers or other persons, any additional information and data necessary to make the computations under this Item. Shipper also consents to Carrier or its agents disclosing to the designated Quality Bank Administrator all information and data necessary to make the computations under this Item.

The name and address of Carrier's designated Quality Bank Administrator will be made available upon written request to Carrier.

Adjustment payments and administrative costs in this Item are not a part of Carrier's transportation tariff rates, and such shall not be an offset or other claim by Shipper against sums due Carrier for transportation or other charges, costs, or fees due or collected under Carrier's tariffs.

Item 22-A cancels Item 22.

[W] **22-A. Petroleum Fill Requirements.** – Carrier may require Shipper to supply its pro rata share of Petroleum to fill the Pipeline excluding the capacity of all operational tanks at the Valdez Terminal above the top of the suction/fill tank nozzle.

Explanation of Symbols

- [W] Change in wording only
- [R2] Reissued from Supplement No. 2 to F.E.R.C. No. 41, effective July 1, 1998.
- [R3] Reissued from Supplement No. 3 to F.E.R.C. No. 41, effective January 1, 1999.
- [R7] Reissued from Supplement No. 7 to F.E.R.C. No. 41, effective January 1, 2001.

AMERADA HESS PIPELINE CORPORATION

LOCAL PIPELINE TARIFF

CONTAINING RULES AND
REGULATIONS GOVERNING THE
INTERSTATE TRANSPORTATION OF
PETROLEUM

GENERAL APPLICATION

This tariff shall apply only to those tariffs which specifically incorporate this tariff, supplements to this tariff and successive issues hereof, by reference.

NOTICES

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

[W] The decrease noted in Item 18 is in compliance with FERC Order Modifying and Adopting Contested Settlement Proposal issued November 30, 1993, in Docket Nos. OR89-2-000 et al. and APUC Order Adopting with Changes Federal Energy Regulatory Commission Order Modifying and Adopting Contested Settlement Proposal issued December 1, 1993, as Order No. 64 in Docket No. P-89-1 and Order No. 57 in Docket No. P-89-2. Neither the revenues nor the expenses of Carrier will be affected. The Carrier is merely a stakeholder for the shippers, which are the parties in interest. The net economic effect of the change will be the same as an increase in rates for some shippers; for other shippers it will be the same as a decrease in rates.

ISSUED NOVEMBER 26, 1996

EFFECTIVE JANUARY 1, 1998

ISSUED BY
Donald C. Lutken, Jr.
President
AMERADA HESS PIPELINE CORPORATION
One Allen Center
500 Dallas Street, Level 2
Houston, Texas 77002

COMPILED BY
Albert S. Tabor, Jr.
1001 Fannin Street
Houston, TX 77002-6760
(713) 758-2620

RULES AND REGULATIONS

Carrier will receive Petroleum into the Pipeline at Carrier's regularly established receipt stations at or near Prudhoe Bay, Alaska, for transportation and delivery to marine vessels at the Valdez Terminal, subject to the following conditions:

1. **Definitions.** - "Actual Arrival Time" means the time according to Valdez, Alaska, local time that a vessel, after entering the Prince William Sound Vessel Traffic Service Area, communicates to Operator such vessel's readiness to commence loading.

"Barrel" means forty-two (42) United States standard gallons at sixty degrees (60°) Fahrenheit.

"Carrier" means Amerada Hess Pipeline Corporation.

"Connection" means a connection to TAPS (other than at Pump Station No. 1) for the purpose of receiving Petroleum into TAPS.

"Connection Base Petroleum" means the Petroleum resulting from the commingling of (1) the Petroleum entering TAPS at a Connection and (2) the Petroleum in TAPS just upstream of the point of entry into TAPS at that Connection.

"Date of Commissioning" means July 31, 1977.

"Day" means the period of time commencing at 0000 hours and running until 2400 hours of the same day according to Valdez, Alaska, local time.

"Gravity" means the gravity of Petroleum expressed in API degrees at 60° Fahrenheit.

"Gravity Differential Value Per Barrel" means the gravity differential value as established or revised under Item No. 18.

[N] "Initial Nomination" as used herein means a Nomination for the coming Month that the Carrier receives from a prospective Shipper by the deadline established in paragraph (b)1 of Item 14.

"Month" or "Monthly" means a calendar month commencing at 0000 hours on the first day thereof and running until 2400 hours on the last day thereof according to Valdez, Alaska, local time.

[N] "Nomination" means an offer by a prospective Shipper to Carrier of a stated quantity of Petroleum for transportation from a specified origin to a specified destination in accordance with this tariff.

"Operator" means the person, firm or corporation which Carrier from time to time designates to operate the Pipeline, including the Valdez Terminal. Until further notice Operator is Alyeska Pipeline Service Company, 1835 South Bragaw Street, Anchorage, Alaska 99512.

[N] "Operator Business Day" means a regularly scheduled work Day for Operator's scheduling department.

"Petroleum" means unrefined liquid hydrocarbons including gas liquids.

"Pipeline" means Carrier's undivided interest in the Trans Alaska Pipeline System.

[N] "Pipeline Scheduling Deadline" means 2400 hours on the 15th Day of the Month prior to the Month for which the Nomination is to be effective, or, if the 15th Day is not an Operator Business Day, 2400 hours on the first Operator Business Day thereafter.

"Prince William Sound Vessel Traffic Service Area" means the Prince William Sound Vessel Traffic Service Area as defined by United States Coast Guard Regulations.

"Pump Station No. 1" means the pump station facilities near Prudhoe Bay, Alaska, where Petroleum is received into TAPS.

"Pump Station No. 1 Base Petroleum" means the Petroleum stream resulting from deliveries into TAPS at Pump

[W] Station No. 1 by all Shippers in TAPS.

[N] "Revised Nomination" means a Nomination Carrier receives after the Pipeline Scheduling Deadline.

"Scheduled Arrival Day" means the Day as agreed between Carrier and Shipper that a vessel is scheduled to enter the Prince William Sound Vessel Traffic Service Area.

"Shipper" means any party tendering and thereafter actually delivering Petroleum for transportation by Carrier in accordance with the terms of this tariff.

[N] "Supplemental Nomination" means a Nomination for the coming Month that Carrier receives from a prospective Shipper by the deadline established in paragraph (b)2 of Item 14.

"TAPS" means the Trans Alaska Pipeline System.

[C] The definition of "Tender" is canceled.

"Valdez Terminal" means that marine terminal facility at Valdez, Alaska, which is part of TAPS and the purpose [W] of which is to provide working storage, terminal and marine vessel loading facilities and services for Shippers shipping Petroleum through TAPS.

"Valdez Terminal Base Petroleum" means the Petroleum delivered out of Valdez Terminal.

"Volume" means quantity expressed in Barrels.

"Week or Weekly" means a period of seven consecutive days commencing on Monday at 0000 hours and running until 2400 hours on the next succeeding Sunday according to Valdez, Alaska, local time.

"Weighted Average" means an average calculated on a Volume weighted basis.

2. **Specifications.** - No commodity other than Petroleum as defined in Item 1 will be accepted for transportation. Carrier reserves the right to reject any Petroleum for transportation in the Pipeline unless (a) it is suitable for refining or use as a fuel and contains no more than 35/100 of 1% by volume of basic sediment and water, (b) its temperature does not exceed 142° Fahrenheit [except that Petroleum may be accepted for transportation at any point on TAPS at a temperature in excess of 142° Fahrenheit, but only under such circumstances and during such times as Operator determines, with approval of all TAPS carriers, that the higher temperature will not result in violation of any design or operating requirement for TAPS at any point on TAPS and will not result in any inequities or discrimination between carriers or shippers], (c) its hydrogen sulfide content in solution does not exceed 50 parts per million by weight and shall not result in the calculated hydrogen sulfide of the combined stream of Petroleum in the Pipeline under the custody of Carrier at any given entry point in the Pipeline at any given time exceeding 10 parts per million hydrogen sulfide content in solution by weight, and (d) its vapor pressure does not exceed the greater of atmospheric pressure or 14.7 psia at receipt temperature. In no event will Petroleum be accepted for transportation in the Pipeline unless its gravity, viscosity, pour point, vapor pressure and other characteristics are such that it is readily susceptible to safe and efficient transportation through the Pipeline and will not materially affect the characteristics of other Petroleum shipments for which adjustments are not or will not be available through the Quality Bank provided for in Item 18. Before any Petroleum is accepted for transportation through the Pipeline from any producing reservoir or processing plant from which Petroleum has not previously been accepted for [W] transportation through TAPS, Carrier may require Shipper nominating such Petroleum to give Carrier written notice thereof at least forty-five (45) days in advance of such proposed shipment. Such notice shall include a suitable assay of the [W] nominated Petroleum.

3. **Shipments, Maintenance of Identity.** - All Petroleum transported through the Pipeline will be intermixed with other Petroleum shipments in TAPS and shall be subject to such changes in gravity, quality and other characteristics as may result from such intermixing. No Shipper shall be entitled to receive the identical Petroleum delivered by it to Carrier. Delivery by Carrier to Shipper or its consignee shall be out of common stock or Carrier's stream which has been commingled with the streams of other carriers owning interests in TAPS.

5. **Title.** - Carrier shall have the right to reject any Petroleum which may be involved in litigation or the title to which may be in dispute, or which may be encumbered by lien or charge of any kind, and Carrier may require of Shipper evidence satisfactory to Carrier of Shipper's perfect and unencumbered title or indemnity bond satisfactory to Carrier to [W] protect Carrier. By nominating Petroleum a prospective Shipper warrants and guarantees that it has good title thereto and agrees to hold Carrier harmless from any and all loss, cost, liability, damage or expense resulting from disputes, encumbrances or failure of title thereto; provided, however, that acceptance for transportation shall not be deemed a representation by Carrier as to title.

6. **Gauging, Testing and Volume Corrections.** - Petroleum shipped hereunder shall be measured and tested by representatives of Carrier or by automatic equipment approved by Carrier. Quantities will be determined from correctly compiled tank tables or by Carrier-approved automatic equipment and adjusted to the temperature of sixty degrees (60°) Fahrenheit. Deductions will be made for the actual amount of suspended basic sediment, water, and other impurities as ascertained from tests in accordance with accepted API and ASTM practices.

7. **Receipt into Pipeline and Delivery to Vessels at Valdez.** - (a) Petroleum will be accepted for transportation only when Shipper has provided evidence satisfactory to Carrier that Shipper has arranged for the timely receipt of such Petroleum into one or more marine vessels at the Valdez Terminal.

(b) No Shipper may take delivery out of the Pipeline of a Volume of Petroleum in excess of the Volume of Petroleum being held by Carrier for such Shipper's account in Carrier's working storage at the Valdez Terminal except that, if operating conditions allow, Carrier may in its discretion permit Shipper, after having taken delivery of the Volume of Petroleum being held for its account by Carrier in Carrier's working storage at the Valdez Terminal, to take delivery of a Volume of Petroleum equal to the Volume of Petroleum being held by Carrier for Shipper's account elsewhere in Pipeline.

(c) No later than eight Days prior to the Week that Shipper expects to commence lifting Petroleum and Weekly after such first notice, Shipper will advise Carrier in writing of the schedule of vessels Shipper expects to call at the Valdez Terminal to lift Shipper's Petroleum during the ensuing four Week period. Such notice shall specify for each vessel scheduled during the first week of such four Week period and to the extent possible for the last three Weeks the Volume of Petroleum to be lifted, its name, size, place of registry, Scheduled Arrival Day and such other information as required by the Port Information Manual, an up-to-date copy of which shall be furnished to Shipper by Carrier.

(d) All vessels scheduled by Shipper must comply with the provisions of the Port Information Manual, as from time to time amended.

(e) The arrivals and liftings of Shipper's vessels at the Valdez Terminal will be coordinated with those of other vessels receiving Petroleum for other shippers through TAPS, and Carrier and Shipper shall agree prior to the start of a four Week period upon a Scheduled Arrival Day at Valdez for each vessel. Once this Scheduled Arrival Day is established, it will remain in force unless amended in accordance with the following paragraph.

(f) Requests by Shipper for revisions to the lifting schedule, apart from those included in the weekly notices, will be considered by Carrier taking into account the effect of such revision on the overall lifting schedule, the ability of any substitute vessel to conform to the vessel specifications in the Port Information Manual, the current tank levels in the Valdez Terminal and the amount of time between the notice and the vessel's Scheduled Arrival Day. The granting or denying of Shipper's request shall be within the sole discretion of Carrier.

8. Use of the Valdez Terminal by Shipper. - (a) Vessels shall be assigned dock space by Operator in the order of Actual Arrival Time. Provided, however, that (1) adequate and appropriate inventories designated for lifting by such vessel have been established, and (2) if in the Operator's prudent judgment such prioritization will optimize System deliveries. Each vessel shall dock when and as instructed by Operator. If any vessel is unable to dock when instructed, Operator shall dock the next vessel waiting to be docked based on the order of dock assignment until the vessel that was unable to dock is able to dock. After a vessel has been docked, it shall be allowed twenty-four (24) hours, if the vessel is of two hundred twenty-five thousand (225,000) dead weight tons or less, or thirty (30) hours, if the vessel is of greater than two hundred twenty-five thousand (225,000) dead weight tons, from the time that Operator gives notice of readiness to commence either loading or deballasting within which to complete its lifting and to release its last line from a mooring point at the dock. If any vessel fails to release its last mooring line before a specified departure time contained in a notice from Operator (which specified departure time shall not be earlier than the end of such twenty-four (24) hour or thirty (30) hour period, nor earlier than four (4) hours after Operator transmits such notice to the vessel), Shipper scheduling such vessel shall thereafter pay demurrage of two thousand dollars (\$2,000) for each hour or part thereof such vessel remains at the dock, while such dock is required to load another vessel which has established an Actual Arrival Time. Any delay due to any act or omission of Operator, or a local event or condition of general application (except mechanical equipment malfunction on the vessel) not within the control of Operator, Shipper scheduling the vessel or any other person responsible for the operation or control of such vessel which act, event or condition prevents the vessel from vacating the dock shall be added to time until such vessel is required to vacate the dock.

(b) Shipper will be allotted in any Week a portion of Carrier's working capacity at the Valdez Terminal equal to Shipper's percentage share of all Petroleum shipments received into Pipeline during the previous Week. If, at the beginning of any Day, total Valdez Terminal working inventory equals or exceeds seventy-five percent (75%) of total Valdez Terminal working capacity and Shipper's working inventory at the Valdez Terminal is in excess of its allotted percentage of Carrier's working capacity at the Valdez Terminal, such Shipper shall be charged demurrage of twenty cents (20¢) per day per Barrel for each excess Barrel of Petroleum in such working inventory. In calculating the demurrage due

under this paragraph (b), the number of excess Barrels at the beginning of any Day shall be reduced by the number of Barrels scheduled to be lifted by a vessel which has established an Actual Arrival Time at the beginning of any Day the demurrage is applied but is unable to dock because the passage through Prince William Sound or Valdez Arm is closed to shipping due to an event or condition not within the control of Shipper, and the number of Barrels scheduled to be lifted by a vessel which has docked but is unable to lift at the beginning of any Day due to any act or omission of Operator or due to any local event or condition of general application not within the control of Operator, Shipper scheduling such vessel or any person responsible for the operation or control of such vessel which does or would prevent all vessels from loading

10. Additional Charges to be Incurred by Shipper. - (a) Carrier shall have no responsibility for costs or expenses incurred by or related to Shipper's vessels, including without limitation, port dues, tug charges, pilotage expenses and any demurrage charges assessed by the owner of any vessel scheduled by Shipper, which is delayed at the Valdez Terminal or elsewhere, irrespective of the cause of the delay. No vessel owner or Shipper will have any claim on Carrier for such costs, expenses or charges.

(b) A fee of five cents (5¢) shall be charged to Shipper for each Barrel of Petroleum loaded on a vessel at the Valdez Terminal for shipment to a port under the jurisdiction of the United States. Said fees shall be collected by Carrier and remitted to the Trans Alaska Pipeline Liability Fund as established under the laws of the United States. Said collections shall cease when the aggregate accumulations in said Fund reach \$100,000,000 and shall resume again when the amount of the Fund falls below \$100,000,000, unless otherwise provided by the laws of the United States.

11. Payment of Transportation and Other Charges. - Shipper shall pay all applicable transportation and other charges accruing on Petroleum delivered to and accepted by Carrier for shipment, and if required, shall pay or furnish guaranty of payment of same to Carrier before acceptance of shipment. Carrier shall have a lien on all Petroleum delivered for transportation to secure the payment of any and all unpaid transportation and other charges that are due to Carrier by Shipper, and may withhold such Petroleum from delivery until all unpaid charges have been paid. If such charges remain unpaid ten (10) days after the date of Carrier's invoice such amounts shall, from the date of delivery until paid, bear interest calculated at an annual rate equivalent to 125% of the prime rate of interest as of the date of delivery charged by the Citibank N.A. of New York, New York, on ninety (90) day loans to substantial and responsible commercial borrowers. If such charges remain unpaid five (5) days after notice and demand therefor, or even in the absence of unpaid charges when there shall be a failure to take Petroleum within three (3) days after the scheduled lifting or delivery date, Carrier shall have the right, through an agent, to sell such Petroleum at public auction, on any day not a legal holiday, and not less than forty-eight (48) hours after a notice stating the time and place of such sale and the quantity, general description, and location of Petroleum to be sold has been published in a daily newspaper of general circulation in the town or city where the sale is to be held, and notice has been sent to Shipper. Carrier may be a bidder and purchaser at such sale. Out of the proceeds of said sale, Carrier may pay itself all transportation, demurrage, other lawful charges and all expenses incident to the sale. The balance from said sale shall be held for whomsoever may be lawfully entitled thereto.

12. Application of Rates and Charges. - Only Petroleum for movement in interstate or foreign commerce will be accepted for transportation under this tariff. Petroleum accepted for transportation shall be subject to the rates and charges in effect on the date of receipt of such Petroleum by Carrier from Shipper. Transportation and all other lawful charges will be collected on the basis of the quantities of Petroleum delivered by Carrier to Shipper or its consignee.

13. Application of Rates From and To Intermediate Points. - For a shipment accepted for transportation from any point on Pipeline not named in this tariff and intermediate to a point from which rates are published through such unnamed point, Carrier will apply from such unnamed point the rate published from the next more distant point specified in the tariff. For a shipment accepted for transportation to any point on Pipeline not named in this tariff and intermediate to a point to which rates are published, Carrier will apply to such unnamed point the rate published to the next more distant point specified in the tariff.

[W] 14. **Nominating, Scheduling and Proration Procedures.**

[W] (a) **General Requirements for Nominations.**

[W] 1. Carrier will receive Nominations at any time and consider them for acceptance if they conform in full to the terms of this tariff. Each Nomination shall show the daily Volume the prospective Shipper desires to ship during the period for which the Nomination applies.

[W] 2. Since Carrier's actual pipeline capacity may occasionally vary from Carrier's estimated pipeline capacity, prospective Shippers are expected, when possible, to submit Nominations that, in such circumstances, will vary in the same percentage by which Carrier's actual pipeline capacity varies from its estimated pipeline capacity. This will permit Carrier's actual pipeline capacity to be fully utilized each Day so long as prospective Shippers have enough Petroleum available for shipment to fill Carrier's pipeline capacity and will enable each prospective Shipper to fully utilize its share of Carrier's actual pipeline capacity.

[N] 3. In order that estimated capacity may be prorated among all prospective Shippers without undue discrimination, prospective Shippers shall submit valid and realistic Nominations that exceed neither the Volume of Petroleum expected to be available for shipment nor Carrier's estimated pipeline capacity. Carrier reserves the right to require affidavits or to take such other actions as it deems necessary to ascertain that Nominations do not exceed the Volume of Petroleum that will actually be available at the point of origin.

[N] 4. If any prospective Shipper fails to use the capacity allocated to it, or withdraws all or a portion of Volumes previously accepted, Carrier shall have the right to reduce such prospective Shipper's allocation of capacity during future Months by such amount not used or such amount withdrawn.

[N] 5. A prospective Shipper shall not nominate the same Barrels of Petroleum to Carrier and to another carrier. If, as of the Pipeline Scheduling Deadline, Operator determines that Carrier has accepted Barrels that another carrier has also accepted for the coming Month, Carrier will reduce such prospective Shipper's Nomination to Carrier by the number of Barrels that Carrier accepted that were also accepted by another carrier. Carrier will notify such prospective Shipper of such reduction.

[N] 6. No party shall deliver to TAPS Petroleum that has not been nominated to and accepted by Carrier or another carrier. If, as of the Pipeline Scheduling Deadline, there is Petroleum scheduled to be delivered to TAPS in the coming Month that has not been nominated to and accepted by Carrier or another carrier, Operator will notify the owner of such Petroleum at least one Operator Business Day before the deadline for nominating such Petroleum to Carrier or another carrier. If, notwithstanding Operator's notice, the Petroleum is not nominated, but is delivered to TAPS, such Petroleum shall be deemed to be the property of Carrier and the other carriers.

[W] (b) **Receipt of Nominations and Scheduling of Capacity.**

[W] 1. Carrier must receive Initial Nominations by 2400 hours on the tenth Day of each Month. On the first Operator Business Day following the tenth Day of each Month, Carrier will review Initial Nominations for acceptance.

[W] 2. Nominations received after the deadline referred to in paragraph (b)1 of this Item will be considered only if Carrier has unscheduled capacity available during that Month. If Carrier has unscheduled capacity remaining as of the first Operator Business Day following the tenth Day of the Month, Carrier will notify prospective Shippers of the Volume of such unscheduled capacity. Prospective Shippers shall have until 1200 hours on the first Operator Business Day following the Day Carrier gives notice of such unscheduled capacity to submit a Supplemental Nomination for the unscheduled capacity. If any unscheduled capacity remains after the receipt of Supplemental Nominations, it will be allocated on a first-come, first-served basis, until all actual pipeline capacity is fully scheduled.

[N] 3. Carrier will accept a Revised Nomination that increases the number of Barrels a prospective Shipper nominates to Carrier only after Operator determines that the additional Barrels are not nominated to another carrier. Carrier will accept a Revised Nomination that decreases the number of Barrels a prospective Shipper nominates to Carrier only after Operator determines that the Barrels Shipper proposes not to tender to Carrier are properly nominated to another carrier.

[N] 4. A Revised Nomination will be effective at 0000 hours on the latter of (a) the Day the prospective Shipper proposes in its Revised Nomination and (b) a Day that begins after four Operator Business Days have elapsed since the Carrier accepted the Revised Nomination.

5. Time specified in this tariff shall be determined according to Valdez, Alaska, local time.

(c) Proration of Estimated or Unscheduled Capacity.

[W] In each Month for which the total Volume of all Initial Nominations exceeds Carrier's capacity in TAPS, each prospective Shipper will initially be allocated a share of Carrier's estimated capacity, subject to adjustment upward or downward when actual pipeline capacity is determined in the same percentage by which actual pipeline capacity varies from previously estimated pipeline capacity. Such initial share of each prospective Shipper will be determined by multiplying Carrier's estimated capacity by a fraction, the numerator of which is the total Volume of that prospective Shipper's Initial Nominations and the denominator of which is the total Volume of all prospective Shippers' Initial Nominations. If Supplemental Nominations for unscheduled capacity exceed the Volume of such unscheduled capacity, such unscheduled capacity will be prorated among prospective Shippers that submitted Supplemental Nominations in the proportion that each prospective Shipper's Supplemental Nominations bears to the total Volume of all prospective Shippers' Supplemental Nominations. Carrier will not recognize for proration purposes:

[W] 1. the Volume of any Initial Nomination that exceeds Carrier's estimated pipeline capacity in TAPS or in any portion of TAPS to be utilized in handling the Volumes nominated,

[N] 2. the Volume of any Supplemental Nomination that exceeds Carrier's unscheduled capacity; or

[N] 3. the Volume of any Nomination that Carrier is unable to validate in accordance with paragraph (a)3 of this Item.

[W] (d) Documentation of Nominations.

[W] 1. Nominations will be received by facsimile, or other written means of communication approved by Carrier, and considered based on time of receipt.

[W] 2. Carrier will advise each prospective Shipper of the Volume of Petroleum nominated by that Shipper that Carrier expects to be able to accept for transportation each Day during the scheduled period.

[C] (e) Validation of Tenders. [Note: The text of this paragraph has been moved and renumbered as paragraph (a)3.]

[W] (e) Carrier's Representative.

[W] Nominations should be directed to the following:

U.S. Mail
Amerada Hess Pipeline Corporation
P. O. Box 2040
Houston, Texas 77252-2040
Attn: T.D. Kurtz
Phone: 713-609-4962
Facsimile: 713-609-4966

Requests for information should be directed to the following:

Albert S. Tabor, Jr.
2300 First City Tower
1001 Fannin Street
Houston, Texas 77002-6760
713-758-2620

15. **Liability of Carrier.** - (a) Carrier shall not be liable for any loss of Petroleum, damage thereto or delay caused by an act of God, riot, war, sabotage, strike, the authority of law, or an act or default of Shipper, or from any other cause, whether enumerated herein or not, except Carrier's own negligence. Any loss not due to Carrier's negligence in excess of 4000 Barrels from the working storage tanks at the Valdez Terminal due to a single identifiable event, to the extent experienced by Carrier, will be allocated to Shippers in the proportion that each Shipper's Petroleum then in custody of Carrier in such working storage tanks bears to all Shippers' Petroleum in the custody of Carrier in such working storage tanks at the beginning of the Day the loss occurs. Any other loss not due to Carrier's negligence experienced by Carrier will be allocated among the Shippers in the proportion that the total Barrels delivered by Carrier from TAPS for each Shipper bears to the total number of Barrels delivered by Carrier from TAPS for all Shippers during the calendar month the loss occurs. Only such portion of a Shipper's Petroleum as may remain after deduction of its allocated part of such net losses shall be deliverable from the Pipeline. Deductions for such losses will initially be made on the basis of estimates and adjusted to actual at the end of each calendar month.

(b) Losses normally incident to transportation via pipeline due to the inherent nature of Petroleum and topping plant extractions of fuel requirements for pumping stations shall be borne by the shippers and shall be allocated to each Shipper in the proportion that the total 100 Barrel-mile deliveries for each Shipper's account bears to the total of all 100 Barrel-mile deliveries.

16. **Claims, Suits, and Time For Filing.** - As a condition precedent to recovery for loss, damage, or delay to shipments, claims must be filed in writing with Carrier within nine (9) months after delivery of Petroleum, or, in case of failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed; and suits arising out of such claims shall be instituted against Carrier within two (2) years from the time when the Carrier delivers or [W] nominates delivery of Petroleum, or, in case of failure to make or tender delivery, then within two (2) years after a reasonable time for delivery has elapsed. Where claims are not filed or suits are not instituted thereon in accordance with the foregoing provisions, Carrier will not be liable and such claims will not be paid.

17. **Duty of Carrier.** - Carrier shall not be required to transport and/or deliver Petroleum except with reasonable diligence, considering the quantity of Petroleum, the distance of transportation, the safety of operation and other material factors.

18. **Quality Adjustments.** - Shippers shall be debited and/or credited for all adjustments as provided for in this Item with respect to all Petroleum shipped. The calculation of Shipper's debits and credits shall be made for each Month

as required herein. The credit and debit balances for each accounting shall be adjusted among Shipper and all shippers in TAPS by collecting funds from those shippers (including Shipper, if applicable) having debit balances and by thereafter remitting funds collected to the shippers (including Shipper, if applicable) having credit balances. In the event of delay in collection or inability to collect from one or more shippers for any reason, only adjustment funds and applicable interest charges actually collected shall be distributed pro rata to shippers having credit balances. A Monthly accounting shall be rendered to Shipper after the end of each Month.

(a) Methodology.

Shipper authorizes Carrier or its designee to compute adjustments among all shippers in TAPS for quality differentials arising out of TAPS common stream operation. Shipper agrees to pay Carrier or its designee the adjustment due from Shipper determined in accordance with the procedures set out in this Item.

The procedures for making Quality Bank calculations and determining Quality Bank adjustments among shippers are specified in detail in this Item, as supplemented by the TAPS Quality Bank Methodology set forth in Carrier's Tariff F.E.R.C. No. 33, supplements thereto, and successive issues thereof, which are incorporated herein by reference.

As prescribed in the TAPS Quality Bank Methodology, at the close of each Month Carrier or its designated Quality Bank Administrator shall compute adjustments calculated as follows:

1. Pump Station No. 1 Adjustment - An adjustment based on the difference between the Quality Bank Value of Pump Station No. 1 Base Petroleum during a Month and the Quality Bank Value of Petroleum received into TAPS at Pump Station No. 1 for a Shipper during the same Month shall be calculated as follows:

(i) the Quality Bank Value per Barrel of each stream received into TAPS at Pump Station No. 1 during the Month for a Shipper shall be determined by summing the Quality Bank Values of each component of one Barrel of that stream as determined in accordance with the TAPS Quality Bank Methodology.

(ii) the Quality Bank Value per Barrel of the Pump Station No. 1 Base Petroleum for the Month shall be determined by multiplying the Quality Bank Value per Barrel of each stream received into TAPS at Pump Station No. 1 during that Month by the number of Barrels of that stream received into TAPS at Pump Station No. 1 during that Month, summing the products so obtained and dividing the total by the number of Barrels of Petroleum received into TAPS at Pump Station No. 1 during that Month.

(iii) if the Quality Bank Value per Barrel of the Pump Station No. 1 Base Petroleum for any Month is greater than the Quality Bank Value per Barrel of a stream of Petroleum received into TAPS at Pump Station No. 1 during the same Month for a Shipper, such Shipper shall be debited an amount calculated by multiplying such difference by the number of Barrels of such Petroleum received into TAPS for such Shipper at Pump Station No. 1 during that Month.

(iv) if the Quality Bank Value per Barrel of Pump Station No. 1 Base Petroleum for any Month is less than the Quality Bank Value per Barrel of a stream of Petroleum received into TAPS at Pump Station No. 1 during the same Month for a Shipper, such Shipper shall be credited an amount calculated by multiplying such difference by the number of Barrels of such Petroleum received into TAPS for such Shipper at Pump Station No. 1 during that Month.

2. Connection Adjustment - An adjustment based on the difference between the Quality Bank Value of any Connection Base Petroleum during a Month and the Quality Bank Value of a Shipper's Petroleum commingled at that Connection during the same Month shall be calculated as follows:

(i) the Quality Bank Value per Barrel of a Shipper's Petroleum commingled at a Connection during the Month shall be determined by summing the Quality Bank Values of each component of one Barrel of that Petroleum as determined in accordance with the TAPS Quality Bank Methodology.

(ii) the Quality Bank Value per Barrel of any Connection Base Petroleum for the Month shall be the Weighted Average Quality Bank Value of (1) the Petroleum entering TAPS at a Connection during the Month and (2) the Petroleum in TAPS just upstream of the point of entry into TAPS at that Connection during the Month.

(iii) if the Quality Bank Value per Barrel of any Connection Base Petroleum for any Month is greater than the Quality Bank Value per Barrel of a Shipper's Petroleum commingled at that Connection during the same Month, such Shipper shall be debited an amount calculated by multiplying such difference by the number of Barrels of such Shipper's Petroleum commingled at that Connection during that Month.

(iv) if the Quality Bank Value per Barrel of any Connection Base Petroleum for any Month is less than the Quality Bank Value per Barrel of a Shipper's Petroleum commingled at that Connection during the same Month, such Shipper shall be credited an amount calculated by multiplying such difference by the number of Barrels of such Shipper's Petroleum commingled at that Connection during that Month.

3. Valdez Terminal Gravity Adjustment - An adjustment based on the difference between the Weighted Average Gravity of the Valdez Terminal Base Petroleum and the Weighted Average Gravity of Petroleum received out of the Valdez Terminal by a Shipper shall be calculated as follows:

(i) if the Weighted Average Gravity of the Valdez Terminal Base Petroleum for any Month is greater than the Weighted Average Gravity of Petroleum received out of the Valdez Terminal during the same Month by a Shipper, such Shipper shall be credited an amount calculated by multiplying such difference by the Gravity Differential Value Per Barrel and multiplying that total by the number of Barrels of such Petroleum received out of the Valdez Terminal during that Month by such Shipper.

(ii) if the Weighted Average Gravity of the Valdez Terminal Base Petroleum for any Month is less than the Weighted Average Gravity of Petroleum received out of the Valdez Terminal during the same Month by a Shipper, such Shipper shall be debited an amount calculated by multiplying such difference by the Gravity Differential Value Per Barrel and multiplying that total by the number of Barrels of such Petroleum received out of the Valdez Terminal during that Month by such Shipper.

[D] (iii) The Gravity Differential Value Per Barrel is established at \$0.0128 for each one-tenth degree API Gravity (0.1° API).

(b) Transition Period.

There will be a transition period between December 1, 1993 and the date that Carrier is prepared to implement the new methodology specified in the TAPS Quality Bank Methodology. There will therefore be an adjustment for such transition period. The method for accomplishing this adjustment is set forth in Section II of the TAPS Quality Bank Methodology, which is incorporated herein by reference.

(c) General Provisions.

In addition to the adjustments described in this Item, Shipper agrees to pay Carrier or its designee a per Barrel charge to reimburse Carrier for the costs of administering the adjustments among shippers under this Item.

In the event any payment is made to Shipper hereunder and it is subsequently determined by any Federal or state court, administrative agency or other governmental entity having jurisdiction that no other shipper was liable for the adjustment for which payment was made, Shipper receiving such payment shall upon receipt of an accounting from Carrier return the same to Carrier or its designee. Carrier shall promptly utilize same to reimburse all shippers who made such payments.

All payments due from Shipper under this Item shall be made by Shipper within 20 Days of receipt of each accounting and, for any delay in payment beyond such 20 Day period, shall bear interest calculated at an annual rate equivalent to 125% of the prime rate of interest of Citibank N.A. of New York, New York, on ninety-day loans to substantial and responsible commercial borrowers as of the date of accounting.

If Shipper fails to make payment due hereunder within 30 Days of issuance of each accounting, Carrier shall have the right to sell at public auction either directly or through an agent at any time after such 30 Day period any Petroleum of Shipper in its custody. Such auction may be held on any Day, except a legal holiday, and not less than 48 hours after publication of notice of such sale in a daily newspaper of general circulation published in the town, city or general area where the sale is to be held, stating the time and place of sale and the quantity and location of Petroleum to be sold. At said sale Carrier shall have the right to bid, and, if it is the highest bidder, to become the purchaser. From the proceeds of said sale, Carrier will deduct all payments due and expenses incident to said sale, and the balance of the proceeds of the sale remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

Carrier and its designee are authorized by Shipper to receive through measurement, connecting carriers or otherwise all information and data necessary to make the computations under this Item. Shipper will furnish Carrier or its designated Quality Bank Administrator, and consents to Carrier or its designated Quality Bank Administrator acquiring from other carriers or other persons, any additional information and data necessary to make the computations under this Item. Shipper also consents to Carrier or its agents disclosing to the designated Quality Bank Administrator all information and data necessary to make the computations under this Item.

The name and address of Carrier's designated Quality Bank Administrator will be made available upon written request to Carrier.

Adjustment payments and administrative costs in this Item are not a part of Carrier's transportation tariff rates, and such shall not be an offset or other claim by Shipper against sums due Carrier for transportation or other charges, costs, or fees due or collected under Carrier's tariffs.

19. In-Transit Shipments. - Petroleum transported through Pipeline from any origin point may be withdrawn from Pipeline by Shipper at any established delivery point with the privilege of subsequently reforwarding all or a portion of a like volume through Pipeline to Valdez, Alaska, provided:

1. The applicable rate from the initial point of origin of the shipment to Valdez, Alaska, shall be paid as required under Item No. 11.
2. Petroleum is redelivered to Carrier at the point of withdrawal within a period thirty (30) days from the date of withdrawal for further transportation to Valdez, Alaska at a delivery rate no greater than the average daily rate of withdrawal of Petroleum by Shipper at such withdrawal point during such thirty (30) day period.
3. Custody and possession of Petroleum upon withdrawal shall be that of Shipper, not of Carrier.
4. Shippers availing themselves of these withdrawal and reforwarding privileges must keep complete and accurate records and permit inspection of such records by an authorized agent of Carrier or its representative as is necessary for the efficient supervision of such traffic.

20. Legality of Shipments. - Carrier reserves the right to reject any and all Petroleum offered for shipment when Shipper or consignee fails or is unwilling or unable to comply with all applicable laws, rules, regulations or requirements of any governmental authorities regulating shipments or deliveries of Petroleum, or fails to demonstrate to Carrier's satisfaction that the shipment would be in accordance with the provisions of Carrier's tariff.

21. **Inhibitors.** - Carrier reserves the right to inject and to approve or reject the injection of corrosion inhibitors, viscosity or pour point suppressants or other such additives in Petroleum to be transported.

22. **Petroleum Fill Requirements.** - Carrier will require Shipper to supply its pro rata share of Petroleum to fill the Pipeline excluding the capacity of all operational tanks at Valdez Terminal above the top of the suction/fill tank nozzle.

23. **Origin Facilities.** - Carrier will provide only such facilities at any origin point as it deems necessary for the operation of the Pipeline. Shipments will be accepted for transportation hereunder only when Shipper has provided facilities satisfactory to Carrier capable of delivering Petroleum into such origin point at pressures and pumping rates required by Carrier.

24. **Destination Facilities.** - Only tankage required for the handling of Petroleum at the Valdez Terminal pending loading on vessels will be provided by Carrier. Petroleum accepted for transportation to destinations other than for loading on vessels at the Valdez Terminal will be delivered only into pipelines, tanks or other facilities which are provided or arranged for by Shipper. Carrier will determine and advise Shipper of the size and capacity of pipelines, tanks or other facilities to be provided at a point of delivery other than the Valdez Terminal to meet the operating conditions of the Pipeline at such point. If Shipper, any consignee or a connecting carrier is not able for any reason to receive Petroleum from Carrier at any such destination at the time when Carrier has scheduled a delivery, then Carrier shall have the right, at Shipper's expense, to transport such Petroleum to the Valdez Terminal. If Shipper of any such Petroleum is unable to accept delivery of any such Petroleum at the Valdez Terminal within seven (7) days, Carrier shall have the right to sell such Petroleum in accordance with the procedure contained in Item 11.

25. **Evidence of Receipts and Deliveries.** - Petroleum received from or delivered to Shipper or any consignee shall, in each instance, be documented by tickets showing volumes, temperature, basic sediment and water, and any other data essential to the determination of quantity and quality. Unless waived, such tickets shall be jointly signed by representatives of Carrier and Shipper or any consignee, as appropriate, and shall be conclusive evidence of the Petroleum received or of the Petroleum delivered, as the case may be. Failure of Shipper or any consignee to have a representative present shall constitute a waiver and Shipper shall be bound by the information and data on such tickets.

26. **Connections.** - Connections to TAPS will be allowed, in accordance with the Interstate Commerce Act and Title 18 of the Code of Federal Regulations applicable to common carrier pipeline companies and requirements in the instruments granting the right of way for the Trans Alaska Pipeline System, for the purpose of transporting Petroleum through TAPS. All connectors must comply with the Trans Alaska Pipeline System Connection guidelines. A copy of such Guidelines will be available on request to Carrier.

Explanation of Symbols

| | |
|-----|------------------------|
| [D] | Decrease |
| [N] | New |
| [W] | Change in wording only |
| [C] | Cancel |

Quality Bank Tariff Materials

Supplement No. 1 to F.E.R.C. No. 52 (Amerada)
Supplement No. 1 to F.E.R.C. No. 23 (BP)
Supplement No. 1 to F.E.R.C. No. 69 (ExxonMobil)
Supplement No. 1 to F.E.R.C. No. 47 (Phillips)
Supplement No. 1 to F.E.R.C. No. 4 (Phillips Transportation)
Supplement No. 1 to F.E.R.C. No. 206 (Unocal)
Supplement No. 1 to F.E.R.C. No. 4 (Williams)

**AMERADA HESS PIPELINE CORPORATION (AMERADA)
BP PIPELINES (ALASKA) INC. (BP)
EXXONMOBIL PIPELINE COMPANY (EXXONMOBIL)
PHILLIPS ALASKA PIPELINE CORPORATION (PHILLIPS)
PHILLIPS TRANSPORTATION ALASKA, INC. (PHILLIPS TRANSPORTATION)
UNOCAL PIPELINE COMPANY (UNOCAL)
WILLIAMS ALASKA PIPELINE COMPANY, L.L.C. (WILLIAMS)**

LOCAL PIPELINE TARIFF

CONTAINING THE TAPS
QUALITY BANK METHODOLOGY

GENERAL APPLICATION

This tariff shall apply only to those tariffs which specifically incorporate this tariff, supplements to this tariff and successive issues hereof, by reference.

SPECIAL PERMISSION REQUESTED

Issued on nine days' notice under authority of 18 C.F.R. § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30-day review period.

NOTICES

[W]

The decreases noted in Attachment 2A are made to comply with this Commission's Order Adopting Contested Settlement in Docket No. OR89-2-007, *et al.*, *Trans Alaska Pipeline System*, 81 F.E.R.C. ¶ 61,319 (1997), and the Alaska Public Utilities Commission's Order Adopting Federal Energy Regulatory Commission Order Approving Contested Settlement in Docket Nos. P-89-1, *et al.*, *In re Formal Complaint of Tesoro Alaska Petroleum Co.*, Order P-89-1(87) (1998).

For rules and regulations other than the TAPS Quality Bank Methodology tariff, see F.E.R.C. No. 41 (Amerada), F.E.R.C. No. 17 (BP), F.E.R.C. No. 6 (ExxonMobil), F.E.R.C. No. 35 (Phillips), F.E.R.C. No. 2 (Phillips Transportation), F.E.R.C. No. 189 (Unocal), F.E.R.C. No. 2 (Williams), supplements thereto and reissues thereof.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

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Attachment 2A cancels Attachment 2

ATTACHMENT 2A

COMPONENT UNIT VALUE PRICING BASIS

PROPANE (C₃)

| | |
|---|---|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Propane. | OPIS's (weekly) Los Angeles delivered spot quote for Propane. |

ISOBUTANE (iC₄)

| | |
|---|---|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Isobutane. | OPIS's (weekly) Los Angeles delivered spot quote for Isobutane. |

NORMAL BUTANE (nC₄)

| | |
|---|---|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Normal Butane. | OPIS's (weekly) Los Angeles delivered spot quote for Normal Butane. |

LIGHT STRAIGHT RUN (C₅ - 175° F)

| | |
|---|--|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Natural Non-Dyney. | OPIS's (weekly) Bakersfield delivered spot quote for Natural Gasoline. |

NAPHTHA (175° - 350° F)

| | |
|--|--|
| United States Gulf Coast | United States West Coast |
| Platt's U.S. Gulf Coast spot quote for Waterborne Naphtha. | Platt's U.S. Gulf Coast spot quote for Waterborne Naphtha. |

LIGHT DISTILLATE (350° - 450°F)

[D]

| United States Gulf Coast | United States West Coast |
|---|--|
| Platt's U.S. Gulf Coast spot quote for Waterborne Jet Kerosene 54 less 0.5283 cents per gallon. | Platt's U.S. West Coast spot quote for Waterborne Jet Fuel less 0.5283 cents per gallon. |

[D]

HEAVY DISTILLATE (450° - 650°F)

[D]

| United States Gulf Coast | United States West Coast |
|---|--|
| Platt's U.S. Gulf Coast spot quote for Waterborne No. 2 less 2.1126 cents per gallon. | Platt's U.S. West Coast spot quote for Waterborne Gasoil for October, 1999 less 0.9973 cents per gallon. |

GAS OIL (650° - 1050°F)

| United States Gulf Coast | United States West Coast |
|--|--|
| OPIS's U.S. Gulf Coast spot quote for barge High Sulfur VGO. | OPIS's U.S. Gulf Coast spot quote for barge High Sulfur VGO. |

RESID (1050°F and Over)

[D]

| United States Gulf Coast | United States West Coast |
|--|--|
| Platt's U.S. Gulf Coast spot quote for Waterborne No. 6 Fuel Oil 3.0% Sulfur less 4.7534 cents per gallon. | Platt's U.S. West Coast spot quote for Pipeline 380 cst at Los Angeles converted to \$/Bbl using 6.37 Bbl/MT less 4.7534 cents per gallon. |

[D]

Explanation of symbols:

[D] Decrease

[W] Change in wording only

F.E.R.C. No. 52 (Amerada)
(Cancels F.E.R.C. No. 51)
F.E.R.C. No. 23 (BP)
(Cancels F.E.R.C. No. 22)
F.E.R.C. No. 69 (ExxonMobil)
(Cancels F.E.R.C. No. 7)
F.E.R.C. No. 47 (Phillips)
(Cancels F.E.R.C. No. 45)
F.E.R.C. No. 4 (Phillips Transportation)
(Cancels F.E.R.C. No. 19 ARCO Transportation Alaska, Inc. series)
F.E.R.C. No. 206 (Unocal)
(Cancels F.E.R.C. No. 190)
F.E.R.C. No. 4 (Williams)
(Cancels F.E.R.C. No. 30 Mobil Alaska Pipeline Company series)

AMERADA HESS PIPELINE CORPORATION (AMERADA)
BP PIPELINES (ALASKA) INC. (BP)
EXXONMOBIL PIPELINE COMPANY (EXXONMOBIL)
PHILLIPS ALASKA PIPELINE CORPORATION (PHILLIPS)
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LOCAL PIPELINE TARIFF

**CONTAINING THE TAPS
QUALITY BANK METHODOLOGY**

GENERAL APPLICATION

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SPECIAL PERMISSION REQUESTED

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NOTICES

[W] This tariff is issued in part to comply with orders issued by the Regulatory Commission of Alaska ("RCA"), *In re Joint Application of Atlantic Richfield Co. and Phillips Petroleum Co.*, P-00-12(1) (July 26, 2000); *In re Application for Transfer of Certificate*, P-00-08(1) (June 20, 2000).

[W] For rules and regulations other than the TAPS Quality Bank Methodology tariff, see F.E.R.C. No. 41 (Amerada), F.E.R.C. No. 17 (BP), F.E.R.C. No. 6 (ExxonMobil), F.E.R.C. No. 35 (Phillips), F.E.R.C. No. 2 (Phillips Transportation), F.E.R.C. No. 189 (Unocal), F.E.R.C. No. 2 (Williams), supplements thereto and reissues thereof.

The provisions published herein will, if effective, not result in an effect on the quality of the human environment.

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ATTACHMENT 1 - Yield Data for Example Streams

ATTACHMENT 2 - Component Unit Value Pricing Basis

ATTACHMENT 3 - Example Component Unit Values in \$/Bbl

ATTACHMENT 4 - Example Stream Values in \$/Bbl

ATTACHMENT 5 - Quality Bank Calculation Example

TAPS QUALITY BANK METHODOLOGY

I. GENERAL PROVISIONS

A. Quality Bank Administrator

The TAPS Quality Bank shall be administered by the Quality Bank Administrator, who shall be appointed by the TAPS Carriers, and by those designated by the Quality Bank Administrator to assist the Administrator (hereinafter collectively referred to as the "Quality Bank Administrator").

B. Information Furnished to the State of Alaska

The Quality Bank Administrator shall furnish to the State of Alaska ("State") each month copies of the invoices for Quality Bank adjustments and supporting data sent to each shipper. Such information is furnished to the State based upon the State's representation that it will hold such information in confidence and that such information will be used only by officers or agents of the State in the exercise of the officers' or agents' powers.

II. QUALITY BANK MONETARY ADJUSTMENTS ATTRIBUTABLE TO SHIPMENTS DURING THE TRANSITION PERIOD. This Section is cancelled.

III. QUALITY BANK PROCEDURES

A. Overview

A distillation-based methodology shall be implemented at all Trans Alaska Pipeline System ("TAPS") Quality Banks (other than the TAPS Valdez Marine Terminal Quality Bank).

This methodology for calculation of the TAPS Quality Bank debits and credits is based on valuations of petroleum components. This methodology shall apply to the specific petroleum (as defined in the tariffs) streams identified in Sections III.B, III.C. and III.D. and also shall be applied to any streams tendered to TAPS through a new connection. The Quality Bank value of each petroleum stream shall be the volume-weighted sum of the Quality Bank values of its components. The characteristics and volumes of components for each separate petroleum stream are based on assay information obtained using a defined set of testing procedures as set forth in Section III.F. Quality Bank credits and debits are determined by comparing the Quality Bank value of each petroleum stream to the appropriate calculated TAPS "reference" stream Quality Bank value.

B. Quality Bank Streams at Pump Station No. 1 Quality Bank

1. The TAPS Pump Station No. 1 Quality Bank assesses the following four streams: (1) PBU IPA;¹ (2) Lisburne; (3) Endicott Pipeline; and (4) Kuparuk Pipeline.

2. The Pump Station No. 1 Quality Bank reference stream is the blended common stream leaving Pump Station No. 1. The reference stream Quality Bank value is calculated using the volume weighted average of the four Quality Bank streams identified above plus any streams tendered to TAPS through a new Pump Station No. 1 connection.

C. Quality Bank Streams at GVEA Quality Bank

1. The GVEA Quality Bank streams are the combined [W] Williams and Petro Star refinery return stream delivered to TAPS by the GVEA Pipeline and the passing TAPS common stream at the GVEA offtake point, both of which are measured at the GVEA connection.

¹ PBU IPA is the abbreviation for the Prudhoe Bay Unit Initial Participating Areas.

2. The GVEA Quality Bank reference stream is the blended TAPS stream immediately downstream from the GVEA return stream connection. The reference stream Quality Bank value is calculated using the volume weighted average of the GVEA Quality Bank streams identified above.

D. Quality Bank Streams at Petro Star Valdez Refinery Connection Quality Bank

1. The TAPS Petro Star Valdez Refinery ("PSVR") Connection Quality Bank streams are the refinery return stream delivered to TAPS by Petro Star and the passing TAPS common stream at the PSVR offtake point.

2. The Petro Star Valdez Quality Bank reference stream is the blended TAPS stream immediately downstream from the Petro Star return stream connection. The reference stream Quality Bank value is calculated using the volume weighted average of the two PSVR Quality Bank streams identified above.

E. Methodology for Valdez Tanker Load Out Quality Bank

1. A gravity-based Quality Bank methodology shall be used to determine the TAPS Quality Bank adjustments for volumes loaded out of the TAPS Marine Terminal at Valdez, Alaska.

2. The daily average six month gravity differentials posted for November 1 - April 30 and May 1 - October 31 for California and West Texas Sour crude oils, applicable to the range(s) of gravity which includes the average API gravity of the TAPS commingled stream at Valdez (sometimes referred to as "ANS"), shall be determined. The postings of the following companies shall be used for West Texas Sour crude oils: Amoco Production Company, Chevron Products Company, [W] Exxon Mobil Corporation, and [W] Equiva Trading Company. The postings of the following companies shall be used for California crude oils: [W] Equiva Trading Company, [W] Exxon Mobil Oil Corporation, Union 76 (Tosco Refining Company) and Chevron Products Company. In the event that any of the aforementioned companies is merged or acquired by other companies, sells assets or reorganizes, the postings of any successor companies shall be utilized. As long as at least two companies' gravity differentials are posted in each region (West Texas and California), the postings shall be averaged to determine the gravity differentials for that region.

3. The aforementioned six month average gravity differentials for the specified companies in each region shall be used to derive a simple average West Texas Sour differential and a simple average California differential.

4. The average West Texas Sour differential and the average California differential shall then be weighted by the percentage of ANS which is distributed east of the Rockies (including Puerto Rico and the Virgin Islands) and to the West Coast (including Hawaii), respectively, which percentages shall be determined by averaging for the most recent six-month period for which data are available the percentage distributed to each region as reported by the Maritime Administration of the United States Department of Transportation (or any successor government agency). Volumes exported from the United States shall be excluded from the calculation of the percentages distributed to each region.

5. In the event that ANS is transported by pipeline from the West Coast to destinations east of the Rockies, the weighting of the average differentials shall be adjusted to reflect the percentage of ANS actually distributed to such regions both by vessel and pipeline. If such data regarding the destination of ANS transported by pipeline are not publicly available from the Maritime Administration, or any other government agency, the Quality Bank Administrator shall determine the percentage of ANS distributed to such regions, provided, however, that any shipper may protest such determination by filing a complaint with the Quality Bank Administrator and thereafter filing an appropriate pleading with the FERC and [W] RCA if the complaint is not otherwise resolved.

6. The quality adjustment shall be reviewed each November and May, and shall be adjusted to the nearest hundredth of a cent per one-tenth degree API gravity per barrel whenever the amount of any change in the quality adjustment derived above is at least five (5) percent greater or five (5) percent less than the adjustment then in effect. The effective dates of any such adjustments shall be the following January 1 and July 1 respectively.

7. The quality differential in effect shall be applied to the difference in gravity (in API degrees @ 60° Fahrenheit) between the weighted average gravity of the petroleum delivered out of the Terminal during a calendar month and the weighted average gravity of petroleum received out of the Terminal by an individual shipper during such month.

F. Methodology For Pump Station No. 1, GVEA Connection and PSVR Connection

1. Assay Methodology – Sampling Procedure

Except as specified below, and except for the reference streams, each of the Quality Bank streams listed above (for Pump Station No. 1, GVEA, and PSVR Quality Banks) will be sampled by the Quality Bank Administrator using continuous monthly composite samplers on a flow rate dependent basis, and assays of these continuously collected samples shall be performed monthly by the Quality Bank Administrator.

2. Assay Analysis Procedure

a. Except as specified in paragraph b. below, the assays will include a true boiling point ("TBP") distillation and, as applicable, gas chromatograph analysis of each Quality Bank stream. Specifically, the TBP procedure will employ ASTM 2892 up to 650°F and ASTM 5236 for the 650 to 1050+°F range for the petroleum samples. The light ends (175°F minus) from the petroleum streams will be subject to a gas chromatograph analysis to determine the volumes of the propane ("C3"), Iso-butane ("iC4"), and normal butane ("nC4"), with the light straight run ("LSR") (sometimes referred to as natural gasoline) volume determined by difference between the total of the three components and the measured 175°F minus volume.

b. The specific gravities of C3, iC4, nC4 will be derived from GPA Standard 2145.

3. Assay Data

a. The following volume and quality data will be determined for each stream.

| <u>Component</u> | <u>TBP Boiling Range °F</u> | <u>% Vol</u> | <u>Specific Gravity</u> |
|-----------------------|-------------------------------------|--------------|-----------------------------|
| Propane (C3) | | X | X |
| I-Butane (iC4) | | X | X |
| N-Butane (nC4) | | X | X |
| LSR | C5-175 | X | X |
| Naphtha | 175-350 | X | X |
| Light Distillate | 350-450 | X | X |
| Heavy Distillate | 450-650 | X | X |
| Gas Oil | 650-1050 | X | X |
| Resid | 1050+ | X | X |
| Full Petroleum Stream | | | X |

b. The total volume must add to 100% and the total component weighted mass must be checked against the mass of the full petroleum stream. These weight balances must be the same within calculation and assay precision. If the assay fails this threshold test of validity, a second assay shall be performed on the sample. An example of assay data required is presented in Attachment 1. These data are the basis for all calculations in this Quality Bank methodology. The Quality Bank operates on a calendar month basis, with the continuous samples retrieved for analysis on the last day of each month.

c. The Quality Bank Administrator shall investigate the validity of a sample if each of the following two tests is met.

(i) If one or more of an individual stream's reported component percentages for a month varies by more than the ranges indicated in the following table as compared to the prior month's assay.

**Variation in % of Stream
Relative to Prior Month**

Component

| | |
|------------------|--------|
| Propane | ± 0.1 |
| I-Butane | ± 0.1 |
| N-Butane | ± 0.25 |
| LSR | ± 0.5 |
| Naphtha | ± 1.0 |
| Light Distillate | ± 1.0 |
| Heavy Distillate | ± 1.0 |
| Gas Oil | ± 1.5 |
| Resid | ± 1.0 |

As an example, if a petroleum stream's heavy distillate volume percent is 23% for the prior month, a heavy distillate volume percent less than 22% or greater than 24% (exceeding the $\pm 1\%$ range) shall cause the Quality Bank Administrator to check the second test.

(ii) The second test is whether the volume change in the specific component has resulted in a significant change in the stream's relative value when compared to the prior month's relative value using the prior month's prices. If the change results in a price movement of more than $\pm 15\%$ per barrel, then the sample's validity must be investigated.

(iii) The Quality Bank Administrator shall ascertain from the tendering shipper(s) possible causes for the change in the stream's assay. The Quality Bank Administrator may have a second assay performed for the sample in question. The Quality Bank Administrator may decide that the first assay is valid, that the second assay is valid, or that the sample is invalid.

(iv) Should the Quality Bank Administrator determine that a sample is invalid, the last assay results accepted and used in the Quality Bank for the stream will be used instead of the invalid sample in the Quality Bank calculation.

G. Component Unit Value Procedure

1. Component unit values for the U.S. Gulf Coast and U.S. West Coast will be weighted by the percentage of ANS which is distributed east of the Rockies (including Puerto Rico and the Virgin Islands) and to the West Coast (including Hawaii), respectively. The placement data as reported by the Maritime Administration of the United States Department of Transportation (or any successor government agency), will be updated twice a year (in November and May) based on the most recently available six month history of ANS placements. The effective dates of such updated weighting shall be the following January 1 and July 1 respectively. Volumes exported from the United States shall be excluded from the calculation of the percentages distributed to each region.

2. In the event that ANS is transported by pipeline from the West Coast to destinations east of the Rockies, the price weighting shall be adjusted to reflect the percentage of ANS actually distributed to each region both by vessel and pipeline. If such data regarding the destination of ANS transported by pipeline are not publicly available from the Maritime Administration, or any other government agency, the Quality Bank Administrator shall determine the percentage of ANS distributed to such regions.

3. The product prices used to calculate component unit values are taken from the Platt's Oilgram Price Report ("Platt's") and the Oil Pricing Information Service ("OPIS") as set forth in Attachment 2. Prices will be collected for each day markets are open and published prices are available (each "quote day"). The calculated monthly average price will be the average of each quote day mid-point price for the month. These resulting monthly average prices (adjusted as shown in Attachment 2) are used to calculate component unit values each month.

4. [W] In January of each year the adjustments to the prices for Light Distillate, Heavy Distillate, and Resid shall be revised in accordance with changes in the Nelson-Farrar Index (Operating Indexes Refinery) published in the Oil & Gas Journal, by multiplying the adjustments in effect for the previous year by the ratio of (a) the average of the monthly indexes that are then available for the most recent 12 consecutive months to (b) the average of the monthly indexes for the previous (i.e., one year earlier) 12 consecutive months.

5. a. In the event that one of the product prices listed in Attachment 2 is no longer quoted in one of the two markets (West Coast or Gulf Coast), the price quoted for the product in the remaining market shall be used to value the entire component.

b. If both of the product prices listed in Attachment 2 for a component are no longer quoted or if the specifications or other basis for the remaining quotation(s) is radically altered, the Quality Bank Administrator shall notify the FERC, the [W] RCA and all shippers of this fact and propose an appropriate replacement product price, with explanation and justification. Comments may be filed with the FERC and [W] RCA within thirty days of the filing by the Quality Bank Administrator. If the FERC and [W] RCA take no action within sixty days of the filing, the replacement product price proposed by the Quality Bank Administrator will become effective as of the sixtieth day. [W] For the period between the time that quotation of a product price is discontinued or the specifications or other basis for a quotation is radically altered and the time that the Commissions approve the use of a replacement product price, the Quality Bank Administrator shall use as the unit value of the component in question the unit value for the last month for which a product price was available for such component.

6. For any particular month of Quality Bank calculations, the pricing data for the month of shipment will be used (i.e., the prices are current with the volumes and assay data).

H. Quality Bank Stream Component Calculation Procedure

After all volume, quality, and pricing data are collected, the Quality Bank Administrator will establish quality differentials for each stream identified in Sections III.B., III.C., and III.D.

I. Quality Bank Calculations Procedure

The assay data and calculation procedures required by this Methodology are summarized in the Attachments. The Attachments are for reference purposes only and are not intended to predict the impact of this procedure on any specific petroleum stream or any specific company. In the event of a conflict between the provisions of this Methodology as set forth above and the Attachments, the provisions of this Methodology shall control.

ATTACHMENT 1: Yield Data for Example Streams
 ATTACHMENT 2: Component Unit Value Pricing Basis
 ATTACHMENT 3: Example Component Unit Values in \$/Bbl
 ATTACHMENT 4: Example Stream Values in \$/Bbl
 ATTACHMENT 5: Quality Bank Calculation Example

J. Unanticipated Implementation Issues

This Methodology is intended to contain a comprehensive treatment of the subject matter. However, unanticipated issues concerning implementation of this Methodology may arise. If so, the Quality Bank Administrator is authorized to resolve such issues in accordance with the best understanding of the intent of the FERC and [W] RCA that the Quality Bank Administrator can derive from their orders regarding the Quality Bank methodology. The Quality Bank Administrator's resolution of any such issue shall be final unless and until changed prospectively by orders of the FERC and [W] RCA.

Explanation of Symbols: [W] Change in wording only.

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ATTACHMENT 1
YIELD DATA FOR EXAMPLE STREAMS

| COMPONENT | DEFINITION | STREAM A | STREAM B | STREAM C |
|--|---------------------|----------|----------|----------|
| | BOILING RANGE (°F) | | | |
| PROPANE (C ₃) | --- | 0.15 | 0.00 | 0.10 |
| ISOBUTANE (iC ₄) | --- | 0.10 | 0.02 | 0.40 |
| NORMAL BUTANE (nC ₄) | --- | 0.50 | 0.10 | 2.00 |
| LSR | C5-175 | 4.50 | 3.50 | 6.00 |
| NAPHTHA | 175-350 | 13.50 | 11.00 | 5.50 |
| LIGHT DISTILLATE | 350-450 | 9.00 | 9.00 | 2.00 |
| HEAVY DISTILLATE | 450-650 | 21.00 | 22.00 | 16.00 |
| GAS OIL | 650-1050 | 31.25 | 30.38 | 41.00 |
| RESID | 1050+ | 20.00 | 24.00 | 27.00 |
| TOTAL | | 100.00 | 100.00 | 100.00 |
| EXAMPLE VOLUME, Thousand Barrels per Month | | 34,000 | 9,000 | 2,500 |

ATTACHMENT 2

COMPONENT UNIT VALUE PRICING BASIS

PROPANE (C₃)

| | |
|---|---|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Propane. | OPIS's (weekly) Los Angeles delivered spot quote for Propane. |

ISOBUTANE (iC₄)

| | |
|---|---|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Isobutane. | OPIS's (weekly) Los Angeles delivered spot quote for Isobutane. |

NORMAL BUTANE (nC₄)

| | |
|---|---|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Normal Butane. | OPIS's (weekly) Los Angeles delivered spot quote for Normal Butane. |

LIGHT STRAIGHT RUN (C₅ - 175°F)

| | |
|--|--|
| United States Gulf Coast | United States West Coast |
| Platt's Mt. Belvieu, TX spot quote for Natural Non-Dynegy. | OPIS's (weekly) Bakersfield delivered spot quote for Natural Gasoline. |

NAPHTHA (175° - 350°F)

| | |
|--|--|
| United States Gulf Coast | United States West Coast |
| Platt's U.S. Gulf Coast spot quote for Waterborne Naphtha. | Platt's U.S. Gulf Coast spot quote for Waterborne Naphtha. |

LIGHT DISTILLATE (350° - 450°F)

| United States Gulf Coast | United States West Coast |
|---|--|
| Platt's U.S. Gulf Coast spot quote for Waterborne Jet Kerosene 54 less 0.4906 cents per gallon. | Platt's U.S. West Coast spot quote for Waterborne Jet Fuel less 0.4906 cents per gallon. |

HEAVY DISTILLATE (450° - 650°F)

| United States Gulf Coast | United States West Coast |
|---|---|
| Platt's U.S. Gulf Coast spot quote for Waterborne No. 2 less 1.9620 cents per gallon. | [W] Platt's U.S. West Coast spot quote for Waterborne Gasoil for October, 1999 less 0.9973 cents per gallon. See note below. |

GAS OIL (650° - 1050°F)

| United States Gulf Coast | United States West Coast |
|--|--|
| OPIS's U.S. Gulf Coast spot quote for barge High Sulfur VGO. | OPIS's U.S. Gulf Coast spot quote for barge High Sulfur VGO. |

RESID (1050°F and Over)

| United States Gulf Coast | United States West Coast |
|--|--|
| Platt's U.S. Gulf Coast spot quote for Waterborne No. 6 Fuel Oil 3.0% Sulfur less 4.4145 cents per gallon. | Platt's U.S. West Coast spot quote for Pipeline 380 cst at Los Angeles converted to \$/Bbl using 6.37 Bbl/MT less 4.4145 cents per gallon. |

Explanation of symbols: **[N]** New
 [W] Change in wording only

[N] Note -- The West Coast Heavy Distillate unit value is effective November 1, 1999 pursuant to the FERC and RCA orders referenced on the cover.

ATTACHMENT 3
EXAMPLE COMPONENT UNIT VALUES IN \$/Bbl

| COMPONENT NAME | WEST COAST (\$/Bbl) | GULF COAST (\$/Bbl) | WEIGHTED AVERAGE (\$/Bbl) |
|----------------------------------|--------------------------------|--------------------------------|--------------------------------------|
| Propane (C ₃) | 19.7925 | 15.0442 | 19.68 |
| Isobutane (iC ₄) | 24.1238 | 18.4333 | 23.99 |
| Normal Butane (nC ₄) | 18.1125 | 18.4800 | 18.12 |
| LSR (C ₅ - 175°F) | 18.5850 | 19.5854 | 18.61 |
| Naphtha (175°F - 350°F) | 21.3383 | 21.3383 | 21.34 |
| Light Distillate(350°F - 450°F) | 25.9817 | 22.9396 | 25.91 |
| Heavy Distillate(450°F - 650°F) | 23.0000 | 22.1112 | 22.98 |
| Gas Oil (650°F - 1050°F) | 20.8133 | 21.8133 | 20.84 |
| Resid (1050°F and over) | 14.6349 | 15.0000 | 14.64 |
| WEIGHTING FACTOR | 97.71 | 2.29 | |

ATTACHMENT 4
EXAMPLE STREAM VALUES IN \$/Bbl

| COMPONENT NAME | STREAM A | STREAM B | STREAM C |
|---------------------------------|-----------|-----------|-----------|
| Propane (C3) | 0.029520 | 0.000000 | 0.019680 |
| Isobutane (iC4) | 0.023990 | 0.004798 | 0.095960 |
| Normal Butane (nC4) | 0.090600 | 0.018120 | 0.362400 |
| LSR (C5 - 175°F) | 0.837450 | 0.651350 | 1.116600 |
| Naphtha (175°F - 350°F) | 2.880900 | 2.347400 | 1.173700 |
| Light Distillate(350°F - 450°F) | 2.331900 | 2.331900 | 0.518200 |
| Heavy Distillate(450°F - 650°F) | 4.825800 | 5.055600 | 3.676800 |
| Gas Oil (650°F - 1050°F) | 6.512500 | 6.331192 | 8.544400 |
| Resid (1050°F and over) | 2.928000 | 3.513600 | 3.952800 |
| TOTAL | 20.460660 | 20.253960 | 19.460540 |

ATTACHMENT 5
QUALITY BANK CALCULATION EXAMPLE

QUALITY BANK REFERENCE STREAM VALUE CALCULATION

| | VOLUME (MBPM) | VALUE (\$/Bbl) | TOTAL VALUE M\$/Month |
|------------------------------|------------------|--------------------------|--------------------------|
| STREAM A | 34,000 | 20.460660 | \$ 695.66 |
| STREAM B | 9,000 | 20.253960 | \$ 182.29 |
| STREAM C | 2,500 | 19.460540 | \$ 48.65 |
| TOTAL: (REFERENCE STREAM) | 45,500 | 20.364823 ⁽¹⁾ | \$ 926.60 |

(1) Total value divided by total volume.

QUALITY BANK PAYMENT/RECEIPT CALCULATIONS

| | <u>DIFFERENTIAL</u> ⁽²⁾ | <u>(MBPM)</u> | <u>PAYMENT OR RECEIPT</u> <u>(M\$/Month)</u> ⁽³⁾ |
|----------|------------------------------------|---------------|--|
| STREAM A | 0.095837 | 34,000 | \$ 3,258.47 |
| STREAM B | (0.110863) | 9,000 | \$ (997.76) |
| STREAM C | (0.904283) | 2,500 | \$ (2,260.71) |

(2) Stream value minus reference value.
(3) Differential times volume.